



State Senator **NANCY CASSIS** *WORKING FOR YOU*

Tough cuts in governor's Executive Order illustrate the need to reform the film credits

This week the Governor presented her Executive Order addressing the \$1.3 billion shortfall in the current fiscal year budget through such means as department cuts, furlough days, layoffs, less revenue sharing for cities and elimination of programs.

This economic crisis requires tough decisions to be made, and I am more than ready to make needed cuts and reforms. However, the governor's Executive Order keeps the state's unlimited film credits untouched. We could save at least \$50 million now and \$100 million next year by reducing the giveaway to filmmakers. These credits are low-hanging fruit. Reforming the film credits requires no cuts, whatsoever. It only requires the administration to restrain spending for Hollywood tycoons.

Ironically, the governor's Executive Order cuts state police, but 'cuts a check' to Clint Eastwood. It is tragic that the governor is leaving the film credits untouched while people are losing their jobs in the automobile industry by the thousands. By simply capping the amount of credits the state gives out to Hollywood filmmakers, Michigan could use that money to help fund our police and roads.

Let's start that discussion as we debate the 2010 budget. We must set priorities in how the state spends scarce and diminishing taxpayer money. Everything should be on the table, including the state's refundable tax credits that act as grants. We owe that much to all the Michigan businesses facing hardship and residents out of work or facing termination.

Senate panel told that states with low taxes and low spending have the highest economic growth

The Senate Finance Committee recently heard from representatives of the American Legislative Exchange Council (ALEC) about the group's findings that states with low taxes and spending experience higher economic growth rates than state that tax and spend more.

Jonathan Williams, director of tax and fiscal policy for ALEC, presented the results of the group's "Rich States, Poor States" report. Williams told the panel that Michigan ranks dead last in the nation for economic activity in 2009, and that the state was one of only three states to raise taxes last year.

My Senate Republican colleagues and I continue to fight to reduce spending and lower taxes to help spur Michigan's economy. This extensive report clearly illustrates that for our economy to turn around, the state must live within its means, just like a small business or working family. We should use this report as a guide to help foster economic growth in Michigan. If we follow the report's recommendations – of cutting spending and reducing taxes - we can put Michigan on a path toward prosperity.

Williams told the panel that the three most important steps for Michigan to take are:

- Making the budget more transparent on a free, searchable database online;
- Requiring a supermajority to pass broad-based tax increases; and
- Eliminating or reducing the state's income tax.

I wholeheartedly agree that increasing transparency and disclosure of state spending is critical to addressing our structural spending problems. Several other states, including Texas, have discovered millions of dollars in waste and duplication as a result of transparency in state spending. Considering the severe cuts announced this week, we owe it to all Michigan taxpayers to focus our attention on making structural budget reforms and protecting necessities over niceties.

Williams presented a link between higher taxes and economic performance. He mentioned that the nine states that have no state income tax are doing much better economically than the nine states with the highest state income taxes.

“You cannot tax your way to prosperity,” said Williams. “You can track the steady stream of jobs and talent from high-tax states to low-tax states.”

Please visit my Web site at www.SenatorNancyCassis.com for the latest information and updates on issues in Lansing. Or contact me toll free at 1-888-38-NANCY.

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